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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 004706

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STATE FOR NEA/ARP, EB/ESC/TFS; NSC FOR HINNEN, TREASURY FOR KRISTEN HECHT; S/CT FOR MONOSSON; AMMAN FOR GRANT

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TAGS: [ECON](#) [PGOV](#) [PTER](#) [PREL](#) [KU](#) [KTFN](#)

SUBJECT: TERROR FINANCE: GOK SEES HEADWAY IN REGULATING CHARITIES

REF: A. KUWAIT 3995

[¶](#)B. KUWAIT 4664

Classified By: Economic Counselor Timothy Lenderking for Reasons 1.4 (b) and (d)

[¶](#)1. (C/NF) Nasser Al-Ammar, Director of Charities at the Ministry of Social Affairs and Labor (MOSAL), told Econcouns December 23 he was making progress in implementing two-year-old restrictions on donations to charities in Kuwait. A recent internal MOSAL report, leaked to the Kuwaiti press in December, revealed only 150 violations of regulations on charitable giving, down from 7000 back in [¶](#)2002. While concerned about the leakage of the report, Al-Ammar noted all the violations occurred during Ramadan, a relatively compressed timeframe. Al-Ammar commented that the recent designation by the U.S. of three Kuwaitis for terror incitement reinforced his efforts with charities, as it helped sensitize the Kuwaiti public to the dangers of unregulated charitable giving. Al-Ammar confirmed interest in USG technical assistance in the area of audits, as this is one area in which MOSAL has consistently lacked training.
End Summary.

[¶](#)2. (C/NF) On December 23, Econcouns called on Nasser Al-Ammar, Director of the Charities and Philanthropic Organizations Department at the Ministry of Social Affairs and Labor (MOSAL) to follow up on progress in implementing greater restrictions on charitable giving in Kuwait. Al-Ammar sounded a more upbeat note than during our meeting with him in October (Ref A), when he was under strong pressure from Islamists and charities to back down on some of the regulatory measures MOSAL is implementing, and even feared the disbanding of his office. Al-Ammar said he had just come from a coordination meeting with a number of charities, and he believed charities were responding to MOSAL's outreach and approaching the need for regulation with a greater spirit of cooperation than in the past.

[¶](#)3. (C/NF) Al-Ammar was pleased the number of violations of charitable giving was declining, with only 150 in the last year, all of which took place during Ramadan. Common breaches included collecting funds outside of designated collection points and placing ads in newspapers without authorization from MOSAL. Another violation involved a non-Kuwaiti traveling to Kuwait to fundraise for a charity. The man was apprehended and deported, Al-Ammar said without disclosing additional details. He said charities have been informed in writing that continued violations are punishable by fines, suspension of financial assistance from the

government, disbanding of the board, and prosecution.

¶4. (C/NF) Al-Ammar said probably the most difficult regulation to impose are limits on the financial authority of the local sub-committees of charities within Kuwait. Sub-committees may no longer maintain their own bank accounts, he said. Only officials at headquarters of the charity are permitted to sign checks, vouchers, and other financial instruments. (Note: By way of example, the Revival of Islamic Heritage Society, or RIHS, claimed recently to have twelve subcommittees in different neighborhoods in Kuwait. End Note.) Al-Ammar reiterated that MOSAL has no authority over the use of charities' funds abroad; that is the province of the MFA, with the Central Bank of Kuwait providing authority for any transfers of funds abroad. Al-Ammar stressed there are "very few" Kuwaiti charities with representation abroad.

¶5. (C/NF) Econcouns asked about the recent appearance in Arabic-language Al Qabas of internal MOSAL documents pertaining to the regulation of charities. Al-Ammar expressed concern about the leaks, since letters that he himself had signed were among the published documents, and said MOSAL was reviewing internal procedures to avoid such incidents in the future. He believes documents were stolen from his or his colleagues' offices. (Comment: it is not beyond the realm of possibility that MOSAL leaked the documents themselves to reinforce in the minds of Kuwaiti citizens that MOSAL is taking an activist approach to regulating charities as a way of building popular support for the work of his office. End Comment).

¶6. (C/NF) Sounding a different note than the official view conveyed by the MFA (Ref B), Al-Ammar commented that the December 7 designation of three Kuwaiti individuals as

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terrorist inciters was helpful to his efforts. He said the designations help sensitize the Kuwaiti public that charitable donations can end up in the wrong hands or be misused, "something Kuwaitis need to be better informed about."

¶7. (C/NF) Econcouns thanked Al-Ammar for his recent meetings with U.S. Treasury officials on the margins of a conference on money-laundering hosted by the Central Bank of Kuwait in November. Al-Ammar confirmed that he had relayed to the Treasury officials his interest in technical training for MOSAL in the area of audits. He said it would be particularly useful if such training could take place in Kuwait, be as hands-on as possible, and involve reviewing the books of some of the charities that MOSAL works with. He said there is a dearth of knowledge in MOSAL about basic auditing techniques. Econcouns said he would follow up and see if such training could be arranged.

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